

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 290 - SB 920**

March 30, 2019

**SUMMARY OF BILL:** Requires the amusement tax be applied to ticket sales, fees, or other charges for admission to places of amusement or other recreational events or activities that are conducted or located within this state and to such sales made through an office or other location within or outside this state. Any dealer making such sales who has no physical presence in this state shall collect and remit the tax as if the person has a physical presence in this state if the person meets either of the following criteria:

- The person's gross revenue from sales made in this state exceed \$100,000; or
- The person made 200 or more separate sales transactions in this state.

In addition, establishes that localities may impose a tax on such activities, not to exceed 2.75 percent of the consideration charged by the operator. Requires that use of such proceeds of the tax collected by localities be determined by the respective county legislation body; however, at least 20 percent of such proceeds must be used for tourism promotion, tourism advertising, or tourism infrastructure

Establishes interest on delinquent taxes imposed by the legislation and civil penalty of \$50 for each separate transaction involving a taxable amusement when an operator fails or refuses to pay such tax.

Stipulates that such requirement does not apply to any dealer for sales made before January 1, 2020 and that such tax will not apply to activities sponsored by any religious organization, charitable organization, or any public or private education institution where the receipts are devoted exclusively to the use of such organization or institution, nor shall the tax apply to charges for admission to any activity sponsored or operated by the county, or to any nonprofit youth sports organization.

Deletes the current amusement tax exemption which applies to whitewater rafting.

This legislation takes effect January 1, 2020.

## **ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

### **Assumptions:**

- According to the Department of Revenue (DOR), state and local sales and use tax is currently collected on sales of tickets or amusements by out-of-state dealers, as such dealers necessarily establish a physical presence in Tennessee through the physical amusement; therefore, this legislation is estimated to have no significant impact on state and local sales tax revenue collected pursuant to such sales.
- Currently, pursuant to Tenn. Code Ann. § 67-6-330(a)(7), the exemption for whitewater rafting activities is only valid if the amount of revenue from a trust fund established pursuant to agreements with the state of Tennessee and the federal government exceed what the state would collect in state and local sales tax revenue from sales of whitewater rafting activities.
- Based on information provided by the Department of Revenue, proceeds from such trust fund currently exceed the amount of state and local sales and use tax revenue that would be collected from whitewater rafting activities.
- It is unknown if removing such exemption will result in the state no longer receiving the proceeds of the aforementioned trust.
- It is further assumed there will not be any significant increase or decrease in state or local tax revenue from removing this exemption.
- This legislation is estimated to have no significant impact on current state or local sales tax revenue.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/jdb